

Approved For Release 2000/08/29 : CIA-RDP79S01011A001B0090029-9 JUN 29 1953
CENTRAL INTELLIGENCE AGENCY

29 June 1953

SE-47

SUBJECT: PROBABLE SOVIET REACTIONS TO DEVELOPMENTS IN EASTERN GERMANY (Draft for Board consideration)

THE PROBLEM

To estimate probable short-term Soviet reactions principally in Germany, to developments taking place in East Germany since early June 1953. To assess the implications of such reactions to the US.

ESTIMATE

1. On 10 June the Soviet occupation authority of East Germany, through the German Democratic Republic, announced a series of measures which in effect reversed the program of heavy industrialization adopted by the SED in July 1952 and represented the essence of a NEP policy. These reforms were probably announced in recognition of popular dissatisfaction with the accelerated pace of Satellitzation. In addition, they probably represented a major move in Communist political warfare against West German rearmament and West German integration with the rest of Western Europe. To a lesser extent these concessions probably represented an effort to influence the September elections in West Germany.

2. Until the very outbreak of the disorders which soon followed, the GDR and the Kremlin obviously had seriously underrated the extent

DOCUMENT NO. _____
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NEXT REVIEW DATE: _____

Approved For Release 2000/08/29 : CIA-RDP79S01011A001B0090029-9
DATE: 6 FEB 81 REVIEWER: 018557

of popular discontent in East Germany. For this reason the Soviet authorities probably decided against testing the reliability of German security forces and depended almost exclusively on the use of Soviet units despite inevitable unfavorable propaganda implications of such a course. Thus, the Communists now face a situation very different than that which they had led themselves to believe had existed. Although the situation in East Germany is still fluid, we do not believe that recent developments have changed the twin Soviet objectives of: (a) seeking by political warfare to prevent or at least to retard West German rearmament integration with the West, (b) maintaining effective control over East Germany*.

3. Soviet reaction to developments in East Germany could conceivably run the gamut from a withdrawal from East Germany of overt Soviet forces to a return to the rapid and severe satellization of this area. We believe that each of these extreme courses of action is unlikely.

a. A withdrawal of overt Soviet forces from East Germany would provide the USSR with excellent propaganda opportunities and would probably induce many Western European countries to deprecate the Soviet threat with a consequent weakening of NATO. On the other hand, recent developments must have demonstrated to the Kremlin the weakness of the local Communist regime and must have raised serious doubts as to the reliability of East German security elements. The Kremlin must almost certainly recognize that the withdrawal of overt Soviet forces

from East Germany at this time would seriously compromise Soviet control over this area. Therefore, regardless of the long run advantages to the USSR that might accrue from a Soviet withdrawal, East Germany's importance to the USSR is too direct and too immediate for it to risk losing effective control over this area.

b. A harsh policy, such as a return to the rapid satellization of East Germany, might appeal to the Kremlin as a means of quickly and effectively reasserting its authority over its zone and of crushing dissidence once and for all. Moreover, such a move would serve to warn the people of the Eastern European satellites that the Communist hierarchy brooks no disaffection. On the other hand, so repressive a policy is entirely inconsistent with the conciliatory line now affected by the Kremlin throughout the world. Moreover, it would probably increase West European determination to build up NATO and might even expedite the formation of EDC. It would almost certainly adversely influence, from the Communist point of view, the September elections in West Germany. Finally, this policy is entirely inconsistent with the officially announced reforms for East Germany and, moreover, in the present climate of East Germany, this policy could probably be implemented only at gunpoint and at great economic and political sacrifices.

4. We believe that the most probable Soviet reaction will fall between these two extremes and will incorporate some elements of each. We believe that the USSR will not risk losing effective control of

East Germany by failure to keep a substantial Soviet force in this area or by failure to use this or any other instrument which may be necessary to crush current or future disturbances. We further believe, however, that the USSR will probably attempt to create a facade of order and consent in East Germany, and will rely on overt force only when all other measures fail. As indicated in Para. 3b above, the Communists have indicated that they will follow through and indeed expand on the 10-11 June reforms. They will probably also attempt to create the appearance of a broader based East German government possibly by restricting the role of the SED and by giving greater apparent influence to other political parties.

5. In terms of over-all Soviet policy, we believe that, after an interval to permit a rehabilitated East German government to establish at least apparent stability, the USSR will probably resume its diplomatic and propaganda efforts to woo the West Germans away from rearmament and integration with Western Europe. The Communists' ability to exert significant influence in the forthcoming West German elections is considerably less than it was prior to 16 June, but there are still some propaganda gambits the USSR could employ not only to serve immediate Soviet purposes in Germany, but possibly to advance Soviet aims in Europe as a whole. On the diplomatic level, the USSR may call for an early Four Power Conference to discuss the withdrawal of foreign forces from Germany and even the holding of free All-German elections. Such a suggestion would not obligate the Soviet Union to reach agreement with the Western Powers on any of the issues implicit

in the unification of Germany. We continue to believe that the initiated suggestions for troop withdrawals or free elections would contain conditions which the Kremlin would intend to be unacceptable to the West, or that the Kremlin would intend to prevent the implementation of agreements embodying these proposals.*

6. If the West proposed a Four Power Conference on Germany to be held this summer, the Communists would lose some propaganda advantages from not having taken the initiative on this matter. Depending on the extent of advance commitments (e.g. the agenda) and depending on whether they felt the timing of the conference or the prior negotiations for the conference provided them with an opportunity to influence the September elections, the Communists would probably accept such a proposal. They might even indicate their willingness to discuss the withdrawal of foreign troops and possibly free elections. In this case, too, we believe that the Soviet Union would almost certainly be unwilling actually to implement the withdrawal of its forces or free All-German elections.

7. Within the USSR itself, the internal political situation and, particularly, the lineup of the various power groups is obscure at present. It is conceivable that the recent events in Germany could be a decisive factor in resolving Soviet internal conflicts with consequent significant if as yet unknown implications for Soviet policy, not only with respect to Germany, but to the world as a whole.